

ASSEMBLY BILL

No. 456

Introduced by Assembly Member Mullin

February 14, 2003

An act to amend Section 11622 of the Insurance Code, and Sections 16054.2, 16056, 16451, 16500, 17151, and 17709 of the Vehicle Code, relating to automobile liability insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 456, as introduced, Mullin. Automobile insurance: liability coverage.

Existing law requires that every driver and every owner of a motor vehicle at all times be able to establish financial responsibility. Existing law provides that evidence of financial responsibility may be established, among other ways, by documentation that the driver or owner is insured under a policy or bond subject to a limit of not less than \$15,000 because of bodily injury to or death of one person in any one accident, to a limit of not less than \$30,000 because of bodily injury to or death of two or more persons in any one accident, and to a limit of not less than \$5,000 because of injury to or destruction of property of others in any one accident. Violation of these provisions is a crime.

This bill would raise these minimum liability coverage amounts as follows: (1) the minimum coverage for bodily injury or death of one person in any one accident would rise to \$20,000 on January 1, 2006, to \$25,000 on January 1, 2007, and to \$30,000 on January 1, 2008; (2) the minimum coverage for bodily injury to or death of 2 or more persons in any one accident would rise to \$35,000 on January 1, 2006, and to \$60,000 on January 1, 2008; and (3) the minimum coverage for injury to or destruction of property of others in any one accident would rise to

\$10,000 on January 1, 2008. Because this bill would change the definition of a crime, it would impose a state-mandated local program.

This bill would make related changes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11622 of the Insurance Code is
2 amended to read:

3 11622. ~~Such~~ The plan shall require the issuance of a policy
4 affording coverage ~~in the amount of fifteen thousand dollars~~
5 ~~(\$15,000) for bodily injury to or death of each person as a result~~
6 ~~of any one accident and, subject to said limit as to one person, the~~
7 ~~amount of thirty thousand dollars (\$30,000) for bodily injury to or~~
8 ~~death of all persons as a result of any one accident, and the amount~~
9 ~~of five thousand dollars (\$5,000) for damage to property of others~~
10 ~~as a result of any one accident, or in such minimum amounts as are~~
11 ~~necessary to provide exemption from the security requirements of~~
12 ~~Section 16023 of the Vehicle Code for the risks and in the amounts~~
13 ~~set forth in Section 16056 of the Vehicle Code, or for which proof~~
14 ~~of ability to respond in damages or adequate protection against~~
15 ~~liability is otherwise required by law, but shall not require the~~
16 ~~issuance of a policy affording coverage in excess of said these~~
17 ~~amounts.~~

18 SEC. 2. Section 16054.2 of the Vehicle Code is amended to
19 read:

20 16054.2. Evidence may also be established by any of the
21 following:

22 (a) By depositing with the department cash in the amount
23 specified in Section 16056.

24 (b) By providing documentation of a liability policy covering
25 the operation of the vehicle that (A) is issued by a charitable risk
26 pool operating under Section 5005.1 of the Corporations Code, if



the registered owner of the vehicle is a nonprofit organization that is exempt from taxation under paragraph (3) of subsection (c) of Section 501 of the United States Internal Revenue Code and (B) the policy is subject, ~~if the accident has resulted in bodily injury or death, to a limit, exclusive of interest and costs, of not less than fifteen thousand dollars (\$15,000) because of bodily injury to or death of one person in any one accident and, subject to that limit for one person, to a limit of not less than thirty thousand dollars (\$30,000) because of bodily injury to or death of two or more persons in any one accident, and, if the accident has resulted in injury to, or destruction of property, to a limit of not less than five thousand dollars (\$5,000) because of injury to or destruction of property of others in any one accident~~ covers the same risks, and in the same amounts, required by Section 16056.

(c) By any other manner authorized by the department which effectuates the purposes of this chapter.

SEC. 3. Section 16056 of the Vehicle Code is amended to read:

16056. (a) No policy or bond shall be effective under Section 16054 unless issued by an insurance company or surety company admitted to do business in this state by the Insurance Commissioner, except as provided in subdivision (b) of this section, nor unless, *until January 1, 2006*, the policy or bond is subject, if the accident has resulted in bodily injury or death, to a limit, exclusive of interest and costs, of not less than fifteen thousand dollars (\$15,000) because of bodily injury to or death of one person in any one accident and, subject to that limit for one person, to a limit of not less than thirty thousand dollars (\$30,000) because of bodily injury to or death of two or more persons in any one accident, and, if the accident has resulted in injury to, or destruction of property, to a limit of not less than five thousand dollars (\$5,000) because of injury to or destruction of property of others in any one accident.

(b) No policy or bond shall be effective under Section 16054 with respect to any vehicle which was not registered in this state or was a vehicle which was registered elsewhere than in this state at the effective date of the policy or bond or the most recent renewal thereof, unless the insurance company or surety company issuing the policy or bond is admitted to do business in this state, or if the company is not admitted to do business in this state, unless

1 it executes a power of attorney authorizing the department to
2 accept service on its behalf of notice or process in any action upon
3 the policy or bond arising out of an accident mentioned in
4 subdivision (a).

5 (c) Any nonresident driver whose driving privilege has been
6 suspended or revoked based upon an action that requires proof of
7 financial responsibility may, in lieu of providing a certificate of
8 insurance from a company admitted to do business in California,
9 provide a written certificate of proof of financial responsibility
10 that is satisfactory to the department, covers the operation of a
11 vehicle in this state, meets the liability requirements of this section,
12 and is from a company that is admitted to do business in that
13 person's state of residence.

14 (d) *No policy or bond issued on or after January 1, 2006, and*
15 *before January 1, 2007, shall be effective under Section 16054*
16 *unless the policy or bond is subject, if the accident has resulted in*
17 *bodily injury or death, to a limit, exclusive of interest and costs, of*
18 *not less than twenty thousand dollars (\$20,000) because of bodily*
19 *injury to or death of one person in any one accident and, subject*
20 *to that limit for one person, to a limit of not less than thirty-five*
21 *thousand dollars (\$35,000) because of bodily injury to or death of*
22 *two or more persons in any one accident, and, if the accident has*
23 *resulted in injury to or destruction of property, to a limit of not less*
24 *than five thousand dollars (\$5,000) because of injury to or*
25 *destruction of property of others in any one accident.*

26 (e) *No policy or bond issued on or after January 1, 2007, and*
27 *before January 1, 2008, shall be effective under Section 16054*
28 *unless the policy or bond is subject, if the accident has resulted in*
29 *bodily injury or death, to a limit, exclusive of interest and costs, of*
30 *not less than twenty-five thousand dollars (\$25,000) because of*
31 *bodily injury to or death of one person in any one accident and,*
32 *subject to that limit for one person, to a limit of not less than*
33 *thirty-five thousand dollars (\$35,000) because of bodily injury to*
34 *or death of two or more persons in any one accident, and, if the*
35 *accident has resulted in injury to or destruction of property, to a*
36 *limit of not less than five thousand dollars (\$5,000) because of*
37 *injury to or destruction of property of others in any one accident.*

38 (f) *No policy or bond issued on or after January 1, 2008, shall*
39 *be effective under Section 16054 unless the policy or bond is*
40 *subject, if the accident has resulted in bodily injury or death, to a*

limit, exclusive of interest and costs, of not less than thirty thousand dollars (\$30,000) because of bodily injury to or death of one person in any one accident and, subject to that limit for one person, to a limit of not less than sixty thousand dollars (\$60,000) because of bodily injury to or death of two or more persons in any one accident, and, if the accident has resulted in injury to or destruction of property, to a limit of not less than ten thousand dollars (\$10,000) because of injury to or destruction of property of others in any one accident.

SEC. 4. Section 16451 of the Vehicle Code is amended to read:

16451. An owner's policy of motor vehicle liability insurance shall insure the named insured and any other person using any motor vehicle registered to the named insured with the express or implied permission of the named insured, against loss from the liability imposed by law for damages arising out of ownership, maintenance, or use of the motor vehicle within the continental limits of the United States to the extent and ~~aggregate amount, exclusive of interest and costs, in the amounts required by Section 16056~~ with respect to each motor vehicle, ~~of fifteen thousand dollars (\$15,000) for bodily injury to or death of each person as a result of any one accident and, subject to the limit as to one person, the amount of thirty thousand dollars (\$30,000) for bodily injury to or death of all persons as a result of any one accident and the amount of five thousand dollars (\$5,000) for damage to property of others as a result of any one accident.~~

SEC. 5. Section 16500 of the Vehicle Code is amended to read:

16500. Every owner of a vehicle used in the transportation of passengers for hire, including taxicabs, when the operation of the vehicle is not subject to regulation by the Public Utilities Commission, shall maintain, whenever he or she may be engaged in conducting those operations, proof of financial responsibility resulting from the ownership or operation of the vehicle ~~and arising by reason of personal injury to, or death of, any one person, of at least fifteen thousand dollars (\$15,000), and, subject to the limit of fifteen thousand dollars (\$15,000) for each person injured or killed, of at least thirty thousand dollars (\$30,000) for the injury to, or the death of, two or more persons in any one accident, and for damages to property of at least five thousand dollars (\$5,000)~~

1 ~~resulting from any one accident covering the same risks, and in the~~
2 ~~same amounts, required by Section 16056.~~ Proof of financial
3 responsibility may be maintained by either:

4 (a) Being insured under a motor vehicle liability policy against
5 that liability.

6 (b) Obtaining a bond of the same kind, and containing the same
7 provisions, as those bonds specified in Section 16434.

8 (c) By depositing with the department thirty-five thousand
9 dollars (\$35,000), which amount shall be deposited in a special
10 deposit account with the Controller for the purpose of this section.

11 (d) Qualifying as a self-insurer under Section 16053.

12 The department shall return the deposit to the person entitled
13 thereto when he or she is no longer required to maintain proof of
14 financial responsibility as required by this section or upon his or
15 her death.

16 SEC. 6. Section 17151 of the Vehicle Code is amended to
17 read:

18 17151. (a) The liability of an owner, bailee of an owner, or
19 personal representative of a decedent imposed by this chapter and
20 not arising through the relationship of principal and agent or
21 master and servant is limited to the ~~amount of fifteen thousand~~
22 ~~dollars (\$15,000) for the death of or injury to one person in any one~~
23 ~~accident and, subject to the limit as to one person, is limited to the~~
24 ~~amount of thirty thousand dollars (\$30,000) for the death of or~~
25 ~~injury to more than one person in any one accident and is limited~~
26 ~~to the amount of five thousand dollars (\$5,000) for damage to~~
27 ~~property of others in any one accident~~ *liability amounts set forth*
28 *for the specific risks listed in Section 16056.*

29 (b) An owner, bailee of an owner, or personal representative of
30 a decedent is not liable under this chapter for damages imposed for
31 the sake of example and by way of punishing the operator of the
32 vehicle. Nothing in this subdivision makes an owner, bailee, or
33 personal representative immune from liability for damages
34 imposed for the sake of example and by way of punishing him for
35 his own wrongful conduct.

36 SEC. 7. Section 17709 of the Vehicle Code is amended to
37 read:

38 17709. (a) No person, or group of persons collectively, shall
39 incur liability for a minor's negligent or wrongful act or omission
40 under Sections 17707 and 17708 in any amount exceeding ~~fifteen~~

1 ~~thousand dollars (\$15,000) for injury to or death of one person as~~
2 ~~a result of any one accident or, subject to the limit as to one person,~~
3 ~~exceeding thirty thousand dollars (\$30,000) for injury to or death~~
4 ~~of all persons as a result of any one accident or exceeding five~~
5 ~~thousand dollars (\$5,000) for damage to property of others as a~~
6 ~~result of any one accident~~ *the liability amounts required for the*
7 *specific risks listed in Section 16056.*

8 (b) No person is liable under Section 17707 or 17708 for
9 damages imposed for the sake of example and by way of punishing
10 the minor. Nothing in this subdivision makes any person immune
11 from liability for damages imposed for the sake of example and by
12 way of punishing him for his own wrongful conduct.

13 SEC. 8. No reimbursement is required by this act pursuant to
14 Section 6 of Article XIII B of the California Constitution because
15 the only costs that may be incurred by a local agency or school
16 district will be incurred because this act creates a new crime or
17 infraction, eliminates a crime or infraction, or changes the penalty
18 for a crime or infraction, within the meaning of Section 17556 of
19 the Government Code, or changes the definition of a crime within
20 the meaning of Section 6 of Article XIII B of the California
21 Constitution.

